
WEST FELICIANA PARISH CLERK OF COURT
ST. FRANCISVILLE, LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2003



Postlethwaite & Netterville

A Professional Accounting Corporation

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WEST FELICIANA PARISH CLERK OF COURT
ST. FRANCISVILLE, LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2003



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INDEPENDENT AUDITORS' REPORT

Honorable Mary Nell Marchive
West Feliciana Parish Clerk of Court
St. Francisville, Louisiana

We have audited the general-purpose financial statements of the West Feliciana Parish Clerk of Court, a component of the West Feliciana Police Jury, as of June 30, 2003 and for the two-year period then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Clerk. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the West Feliciana Parish Clerk of Court as of June 30, 2003, and the results of its operations for the two year period then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2003, on our consideration of the Clerk of Court's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Postlethwaite & Netterville

Baton Rouge, Louisiana
November 24, 2003



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mary Nell Marchive
West Feliciana Parish Clerk of Court
St. Francisville, Louisiana

We have audited the general purpose financial statements of the West Feliciana Parish Clerk of Court as of and for the two year period ended June 30, 2003, and have issued our report thereon dated November 24, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the West Feliciana Parish Clerk of Court's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not the objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Clerk of Court's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Clerk's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the Schedule of Findings and Questioned Cost.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe that the lack of segregation of duties described above is a material weakness.

This report is intended for the information of the management of the West Feliciana Parish Clerk of Court and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite & Nettville

Baton Rouge, Louisiana
November 24, 2003

WEST FELICIANA PARISH CLERK OF COURT
ST. FRANCISVILLE, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP
JUNE 30, 2003

ASSETS

	<u>Governmental Fund Type</u>	<u>Fiduciary Fund Type</u>
	<u>General Fund</u>	<u>Agency Funds</u>
Cash and cash equivalents	\$ 32,472	\$ 509,590
Accounts receivable (less allowance for doubtful account, \$250)	3,592	-
Due from other funds	45,007	-
Outstanding fees receivable	-	69,343
Investments	-	52,082
Equipment	-	-
Total Assets	<u>\$ 81,071</u>	<u>\$ 631,015</u>

LIABILITIES AND FUNDEQUITY

Liabilities:		
Accounts payable	\$ 534	\$ 40,515
Salaries payable	1,746	-
Unsettled deposits	-	545,493
Due to other funds	-	45,007
Total liabilities	<u>2,280</u>	<u>631,015</u>
Fund Equity:		
Investment in general fixed assets	-	-
Fund balance:		
Unreserved - undesignated	78,791	-
Total fund equity	<u>78,791</u>	<u>-</u>
Total Liabilities and Fund Equity	<u>\$ 81,071</u>	<u>\$ 631,015</u>

The accompanying notes are an integral part of this statement.

Account Group	Totals (Memorandum Only)	
General Fixed Assets	2003	2002
\$ -	\$ 542,062	\$ 573,843
-	3,592	6,154
-	45,007	31,695
-	69,343	82,542
-	52,082	51,325
45,793	45,793	41,216
<u>\$ 45,793</u>	<u>\$ 757,879</u>	<u>\$ 786,775</u>

\$ -	\$ 41,049	\$ 66,778
-	1,746	1,703
-	545,493	581,779
-	45,007	31,695
<u>-</u>	<u>633,295</u>	<u>681,955</u>

45,793	45,793	41,216
-	78,791	63,604
<u>45,793</u>	<u>124,584</u>	<u>104,820</u>
<u>\$ 45,793</u>	<u>\$ 757,879</u>	<u>\$ 786,775</u>

WEST FELICIANA PARISH CLERK OF COURT
ST. FRANCISVILLE, LOUISIANA

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2003
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2002

	2003			2002
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<u>REVENUES</u>				
Licenses and permits	\$ 2,970	\$ 1,975	\$ (995)	2,700
Charges for services:				
Court costs	2,046	2,420	374	1,860
Recording fees	221,942	242,378	20,436	191,593
Certified copies	9,911	9,143	(768)	9,010
Other copies	21,016	14,605	(6,411)	19,106
Notarial fees	1,271	1,555	284	1,155
Miscellaneous revenues	18,511	21,182	2,671	16,828
Interest	-	1,599	1,599	3,251
Total revenues	<u>277,667</u>	<u>294,857</u>	<u>17,190</u>	<u>245,503</u>
<u>EXPENDITURES</u>				
Current operating				
General				
Personal services	192,642	189,475	3,167	162,414
Supplies	22,710	18,886	3,824	19,540
Computer	17,754	14,348	3,406	16,140
Other charges	35,565	52,384	(16,819)	38,068
Capital Outlay	-	4,577	(4,577)	-
Total expenditures	<u>268,671</u>	<u>279,670</u>	<u>(10,999)</u>	<u>236,162</u>
Excess of revenues over expenditures	8,996	15,187	6,191	9,341
Fund balance at beginning of year	<u>63,604</u>	<u>63,604</u>	<u>-</u>	<u>54,263</u>
Fund balance at end of year	<u>\$ 72,600</u>	<u>\$ 78,791</u>	<u>\$ 6,191</u>	<u>\$ 63,604</u>

The accompanying notes are an integral part of these statements.

WEST FELICIANA PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS

Introduction

As provided by Article V, Section 28 of the Louisiana Constitution of 1974, the Clerk of Court serves as the ex-officio notary public, the recorder of conveyances, mortgages, and other acts, and shall have other duties and powers provided by law. The Clerk of Court is elected for a term of four years.

1. Summary of Significant Accounting Policies

The accounting and reporting practices of the West Feliciana Parish Clerk of Court conform to generally accepted accounting principles as applicable to governmental units. The Clerk's reporting entity applies all relevant Government Accounting Standards (GASB) pronouncements. Such accounting and reporting procedures conform to the requirements of Louisiana Revised Statute 24:517, to the guidance set forth in the *Louisiana Governmental Accounting Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units* published by the American Institute of Certified Public Accountants.

The following is a summary of certain significant accounting policies and practices:

Reporting Entity

As the governing authority of the parish, for reporting purposes, the West Feliciana Parish Police Jury is the financial reporting entity for West Feliciana Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Government Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, established criteria for determining which component units should be considered part of the West Feliciana Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. the ability to impose your will on that organization and/or
 - b. the potential to provide specific financial benefits to or impose specific financial burdens on that organization.
2. Organizations for which the reporting entity does not appoint a voting majority but are fiscally dependent on the reporting entity.

WEST FELICIANA PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Reporting Entity (continued)

3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization was not included.

Since the West Feliciana Parish Clerk of Court is fiscally dependent on the West Feliciana Parish Police Jury, it is considered to be a component unit of the West Feliciana Parish Police Jury, the reporting entity. The accompanying financial statements present information only on the funds maintained by the West Feliciana Parish Clerk of Court and do not present information on the West Feliciana Parish Police Jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Fund Accounting

The accounts of the Clerk of Court are organized on the basis of funds and account groups, each of which is considered a separate fiscal and accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts which are segregated for the purpose of carrying on specific activities or attaining certain directives in accordance with special regulations, restrictions, or limitations. Revenues are accounted for in these individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The funds presented in the financial statements are described as follows:

General Fund

The General Fund, as provided by Louisiana Revised Statute 13:781, is the principal fund of the Clerk of Court and is used to account for the operations of the clerk's office. The various fees and charges due to the clerk's office are accounted for in this fund. General operating expenditures are also paid from this fund.

Agency Funds

The Advance Deposit Fund and Registry of Court Fund are agency funds used to account for assets held by the Clerk of Court as an agent for others. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

WEST FELICIANA PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

General Fixed Assets

General fixed assets are long-lived assets of the Clerk of Court. When purchased, such assets are recorded as expenditures in the general fund and capitalized (recorded and accounted for) in the General Fixed Assets account group. General fixed assets provided by the West Feliciana Parish Police Jury are not recorded within the General Fixed Assets Account Group. Fixed assets are valued at historical cost, and no depreciation has been provided.

This account group is not a fund. It is only concerned with the measurement of financial position and do not involve measurement of results of operations.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The governmental fund is accounted for using the modified accrual basis of accounting. The revenues are recognized when they become measurable and available as net current assets. Charges for services are susceptible to accrual. All other revenues are not susceptible to accrual as they are generally not measurable until received in cash.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

Budgetary Practices

Annually, the Clerk of Court adopts a budget for its General Fund. The General Fund budget is prepared on a modified accrual basis of accounting and includes original adopted budgeted amounts and all subsequent amendments. All annual appropriations lapse at fiscal year end.

WEST FELICIANA PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Accounts Receivable

Uncollectible amounts are recognized as bad debts through the establishment of an allowance for doubtful accounts at the time information becomes available which indicates the uncollectibility of a particular receivable.

Compensated Absences

Employees earn vacation and sick leave at various rates depending upon the length of their employment. Employees must use their vacation and sick leave during the year earned. Accordingly, no provision is made in the financial statements for unpaid vacation and sick leave.

Operating Transfers In and Out

Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the transfers are accounted for through the various due from and due to accounts.

Cash and Investments

Cash includes amounts in demand deposit accounts, interest-bearing demand deposit accounts, and certificates of deposit. Investments include amounts in money market accounts with Louisiana Asset Management Pool (LAMP). Under state law, the Clerk of Court may deposit funds in demand deposits accounts, interest-bearing demand deposit accounts, money market accounts, or time deposits with state banks organized under Louisiana law, national banks having their principal offices in Louisiana and the Louisiana Management Pool.

Total Columns on Combined Statements

The total columns on the combined balance sheet are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Since interfund eliminations have not been made in the aggregation of this data, data in these total columns does not present the Clerk of Court's financial position in conformity with generally accepted accounting principles and is not comparable to a consolidation.

Encumbrances

Encumbrance accounting, under which contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of that appropriation, is not employed by the Clerk of Court.

WEST FELICIANA PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS

2. Changes in General Fixed Assets

Changes in general fixed assets are summarized as follows:

	<u>Balance July 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2003</u>
Equipment	\$ 41,216	\$ 4,577	\$ -	\$ 45,793

3. Interfund Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2003:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 45,007	\$ -
Agency Fund - Advance Deposit	-	45,007
	<u>\$ 45,007</u>	<u>\$ 45,007</u>

4. Pension Plan

Substantially all employees of the West Feliciana Parish Clerk of Court are members of the Louisiana Clerks of Court Retirement and Relief Fund (the System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

Plan Description - all regular employees who are under the age of 60 at the time of original employment are required to participate in the System. Employees who retire at or after the age of 55 with at least 12 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to a percent of their final-average salary for each year of credited service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate their employment with at least 12 years of creditable service and do not withdraw their employee contributions may retire at or after the age of 55 and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established and amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Clerks of Court Retirement and Relief Fund, 11745 Bricksome Avenue, Suite B1, Baton Rouge, Louisiana 70816, or by calling (225)293-1162.

WEST FELICIANA PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS

4. Pension Plan (continued)

Funding Policy - plan members are required by state statute to contribute 8.25 percent of their annual covered salary to the System, and the West Feliciana Parish Clerk of Court is required to make contributions at an actuarially determined rate. The rate currently being paid by the Clerk of Court is 10.00 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (one-half of one percent for Orleans Parish) of the taxes shown to be collectible by the tax rolls of each parish. The contribution requirements of plan members and the West Feliciana Parish Clerk of Court are established and amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The West Feliciana Parish Clerk of Court's contributions to the System during the years ending June 30, 2003, 2002, and 2001, were \$16,546, \$14,350, and \$13,882, respectively, equal to the required contributions for these years.

5. Lease

The Clerk previously entered into a cancelable operating lease agreement which provides for the use of computer software and hardware. The lease has expired but monthly installments of \$1,155 are required for the maintenance of the computers and software.

The Clerk of Court also entered into several other operating lease agreements providing for the use of various pieces of office equipment. All of these lease agreements have non-appropriation exculpatory clauses that allow for the cancellations of the agreements should the Clerk not make appropriations for their continuance during subsequent fiscal periods.

Total lease expenditures amounted to approximately \$20,000 and \$20,290 during the years ended June 30, 2003 and 2002, respectively.

6. Cash and Investments

Under state law, all of the Clerk of Court's deposits must be secured by federal deposit insurance or by the pledge of securities owned by the fiscal agent banks. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent banks. At June 30, 2003, the Clerk had \$625,286 in deposits (collected bank balances). These deposits were secured from risk by \$300,000 of federal deposit insurance and \$457,382 of pledged securities held by the fiscal agent banks agent, but not in the name of the Clerk of Court.

Investments are stated at market value. The Clerk of Court's investments are approximately \$52,000 held in the Louisiana Asset Management Pool (LAMP), and are stated at a cost which approximates fair value.

WEST FELICIANA PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS

7. Changes in Agency Fund Balances

The following presents the changes in unsettled deposits in the agency funds during the two year period ended June 30, 2003:

	<u>Advance Deposit Fund</u>	<u>Registry of Court Fund</u>	<u>Total</u>
<u>Unsettled Deposits at June 30, 2002</u>	\$ 201,048	\$ 380,731	\$ 581,779
<u>Additions,</u>			
Deposits:			
Suits and successions	\$ 183,144	\$ -	\$ 183,144
Judgments	-	13,328	13,328
Interest earned on investments	-	1,878	1,878
Total additions	<u>183,144</u>	<u>15,206</u>	<u>198,350</u>
<u>Reductions</u>			
Clerk's costs (General Fund transfers)	88,076	-	88,076
Settlements to litigants	60,286	48,595	108,881
Sheriff's fees	26,073	-	26,073
Other	14,030	9	14,039
Total reductions	<u>188,465</u>	<u>48,604</u>	<u>237,069</u>
<u>Unsettled Deposits at June 30, 2003</u>	\$ 195,727	\$ 347,333	\$ 543,060

8. Post-retirement Benefits

The Clerk of Court provides certain life insurance benefits for retired employees. Substantially all of the Clerk's employees may become eligible for these benefits if they reach normal retirement age while working for the Clerk of Court. The cost of retiree health care and life insurance benefits is recognized as expense as claims are paid. These costs were approximately \$ -0- for the two-year period ended June 30, 2003.

9. Expenditures of the Clerk of Court Not Included in the Financial Statements

Certain operating expenditures of the Clerk of Court's office are paid by the West Feliciana Parish Police Jury and are not included in the accompanying financial statements.

WEST FELICIANA PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS

10. Excess Fund Balance

Louisiana Revised Statute 13:785 requires that every four years (at the close of the term of office) the Clerk of Court must pay the parish treasurer the portion of the general funds' fund balance that exceeds one-half of the revenues earned during the Clerk's last year of each four year term of office, which amount shall be limited to not more than that which was received by the clerk in accordance with R.S. 13:784(A). At June 30, 2003, there was no amount due the parish treasurer as this was not the last year of the Clerk's four-year term of office, and no determination of the amount that will be due, if any, can be made at this time.

WEST FELICIANA PARISH CLERK OF COURT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2003

SUMMARY OF AUDIT RESULTS

1. The auditors' report expressed an unqualified opinion on the financial statements of West Feliciana Parish Clerk of Court.
2. One reportable condition relating to the audit of the financial statements is reported as 01-1, in this schedule. Condition 01-1 is a material weakness.
3. The West Feliciana Parish Clerk of Court did not hold a public hearing to obtain public input nor publish the budget which is required for proposed expenditures in excess of \$250,000.

FINDINGS – FINANCIAL STATEMENT AUDIT

REPORTABLE CONDITIONS

01-1

Finding: The performance of accounting procedures is limited to a small number of people. Therefore, there is insufficient segregation of duties.

Recommendation: No action is recommended. It would not be cost effective to increase the size of the staff to achieve effective segregation of duties.